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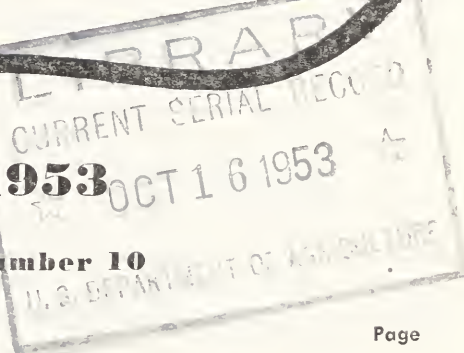


THE Agricultural Situation

OCTOBER 1953

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[**The Agricultural Situation is sent free to crop, livestock,
and price reporters in connection with their reporting work**]

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Outlook Highlights

. . . **October 1953**

ECONOMIC activity during the first 2 months of the third quarter continued near record levels. Personal incomes rose to a new high in July and probably held near that level in August. Total civilian employment climbed to a new high of 63.4 million persons. Retail sales continued above the level of a year ago. But with industrial output high, retail inventories—such as autos, home furnishings, and nondurable goods—continued to accumulate.

Construction activity has reached record high, despite the gradual downturn in new housing starts. Government expenditures for goods and services, currently at record rates, are expected to taper off in coming months.

Average prices to farmers in mid-September were lower than a year earlier, with prices of both crops and livestock products averaging 11 percent lower. With lower prices and only slightly larger marketings, farmers' cash receipts in the first 8 months of 1953 were down 6 percent from the same period in 1952.

Livestock and Meat

Cattle slaughter and beef production continue to set new records. Prices of fed cattle will likely hold up well and prices of lower grades will continue relatively low in coming months. Farmers have sold fed cattle at a higher rate than last year but have refilled feed lots at a slower rate. Consequently, slaughter of fed cattle this fall may drop to or below a year earlier.

Lamb prices have dropped less than cattle prices the past year and compare more favorably with cattle prices than in several years. This situation is likely to continue for some time.

Prices of hogs are now declining seasonally but will probably stay higher than last fall. Hog slaughter has increased seasonally but is expected to remain below last fall.

The supply of feed concentrates will be a little larger than in the last marketing year. Supply per animal

unit to be fed is up about 4 percent. The hay crop, 104 million tons, is a little less than last year but slightly above average. Feed grain prices received by farmers in mid-September were down an average of 14 percent from a year earlier. Byproduct prices also were down sharply.

The drop in feed prices and the advance in hog prices make the hog-corn ratio much more favorable for hog producers than last year.

Milk

Prices received by farmers for milk have made less than the usual seasonal increase since June. The rise this fall probably will continue slower than usual. Although milk output in August was above a year earlier, it was much less so than in the first part of 1953. The volume of butter, nonfat milk and cheese being sold to the Government under the price support program is somewhat smaller than in recent months.

Poultry and Eggs

Egg production probably has passed the low point of the year and is expected to rise seasonally into the spring. Marketings of poultry are increasing seasonally and consumer demand is strong.

Fats and Oils

About the same tonnage of oilseeds for 1953 as was produced last year was forecast in September. The soybean crop is down but the cottonseed, flaxseed, and peanut crops are likely to be larger. Wholesale prices of most fats and oils moved higher the past few weeks with lard prices more than doubling.

Wheat

Cash prices for winter and spring wheat advanced last month but both remain below support levels. The spring wheat crop deteriorated during August and the September estimate was 33½ million bushels under a month earlier. However, the total wheat supply for 1953-54 remains well above any previous year.

(Continued on page 13)

Getting a Better Picture Of U. S. Farm Housing

THE 1950 CENSUS, for the first time in our history, gives us a detailed picture, *by sub-regions*, of the Nation's farm housing situation.

In the West, about 1 farmhouse in 4 is a new house (built in 1940 or later). In the South, 1 in 5 is new. But in the North, the proportion of new farmhouses is only 1 in 12. About 850,000 farm homes were built in 1940 or later. The rate of new building was generally highest in the areas where most of the farmhouses are small—under five rooms—and without modern conveniences.

Twice as Many Bathrooms

The number of farm homes equipped with running water and bathrooms more than doubled from 1940 to 1950—from around 750,000 to about 1,650,000. Nearly a third of this increase is accounted for by houses built since 1939. Higher farm incomes and the availability of powerline electricity enabled more than 600,000 farmers to install modern plumbing during this period, in the houses that were built before 1940. The proportion of farm homes with bathrooms increases with the number of rooms, as shown in the following table:

Farmhouses in the U. S. Percentage reporting private bath, by number of rooms and when built ¹

Number of rooms	Reporting bath		
	Built 1939 and before	Built 1940 and later	All farm-houses
	Percent	Percent	Percent
Total	30	34	30
1 and 2.....	5	10	6
3 and 4.....	12	24	14
5	27	43	30
6 and over....	43	54	44

In the 11 Western States the proportion of farm homes with running water and bathrooms increased from about 3 in 10 in 1940 to nearly 6 in 10 in 1950—in both years about double the average for all farmhouses in this country.

About three-fifths of all farmhouses built from 1940 to 1950 were in the South. Partly because of the milder climate, many farmhouses in this region are small, of less permanent construction, and are replaced more frequently than in other regions. In the South the proportion of farm dwellings with running water and bathrooms increased from 5 percent in 1940 to about 18 percent in 1950.

Old Houses Modernized

Most of the large farmhouses built before 1920 are in the North. Here the proportion of farmhouses with baths increased from 15 percent in 1940 to 37 percent in 1950. Because the rate of new building was low, most of this increase had to come from the installation of bathrooms in the older houses.

This kind of improvement has undoubtedly continued in all of the regions since the census was taken in 1950. At that time, about 80 percent of all occupied farmhouses were connected to powerlines. It is estimated that 90 percent of all occupied farmhouses now have central-station electric service.

Many of the old houses are being modernized. If a farmhouse has at least five rooms and is sound and weathertight, it is often practical to install modern facilities in it. In 1950, census reports show about 400,000 such houses with running water but without bathrooms. But more than a million of these large houses didn't even have running water. Nearly two-thirds of these houses were built before 1920, as shown in the next table.

It is not to be expected that all such houses will be modernized. When farms are consolidated, some houses

¹ Occupied rural-farm dwellings, from 1950 Census.

are no longer needed. Unless they are within commuting distance of other employment, they may be torn down or converted to other uses. And on some farms the supply of good water is not enough for indoor plumbing.

Percentage of farmhouses in the U. S., by number of rooms and when built ¹

Number of rooms	Year built		
	1919 and before	1920 to 1939	1940 and later
Total.....	<i>Percent</i> 54	<i>Percent</i> 31	<i>Percent</i> 15
1 and 2.....	29	40	31
3 and 4.....	40	40	20
5 and 6.....	53	31	16
7 and over....	77	18	5

¹ Occupied rural-farm dwellings, from 1950 Census.

The kinds of houses that farmers with moderate incomes build when they have access to adequate financing have been demonstrated by the experience of the Farmers Home Administration. The farm ownership loan program operated by this agency since 1937 has provided for new or improved houses where needed. An additional loan program was authorized by the Housing Act of 1949 for the construction, improvement, or modernization of farm homes. More than 90 percent of the houses completed during the first 3 years of this new program had 4 to 6 rooms, usually with 3 bedrooms. Space was always provided for a bathroom, and the fixtures were installed in 85 percent of the houses at the time they were built. Nearly all of these new houses had running water.

About 95 percent of the new farmhouses financed under this program were one story, and less than a fifth of them had basements. Wood frame construction, with asbestos or wood siding, was selected by two-thirds of the families.

Outlook Conference October 26-30

Secretary Benson To Speak at Annual Dinner

W. RANDOLPH BURGESS, deputy to the Secretary of the Treasury, will speak on "The Fiscal Policy and Agriculture" at this year's opening session of the Agricultural Outlook Conference to be held in Agriculture's South Building in Washington, October 26-30. John H. Davis, Assistant Secretary of Agriculture, will discuss the outlook for Farm Exports. Other speakers at the opening session will include Assistant Secretary of Agriculture J. Earl Coke and Extension Director Clarence M. Ferguson, who will open the conference.

Price trends and the outlook for various farm commodities in the months ahead will be discussed. Secretary of Agriculture Ezra Taft Benson will address the group at the outlook dinner on the 28th.

Typical topics during the conference week will include: "What Farm People Are Doing About the Cost-Price Squeeze;" "How Individual Farmers Can Adjust to Changing Feed and Livestock Markets;" "Foreign Markets for American Cotton" and "How Individual Farmers Can Adjust to Changing Wheat Markets;" "... Changing Cotton Markets," and "... Changing Dairy Markets."

Economists and farm extension workers from every State in the Union will take part in the conference discussions.

More than half of the loans made by the Farmers Home Administration for repairing and improving farmhouses provided for the installation of running water and a bathroom, and nearly one-third for a hot-water heater.

Much of the needed improvement in farm housing can be achieved only by new construction, especially in areas where most of the farmhouses have less than five rooms. But, as in the last decade, more progress can and will be made simply by putting modern facilities in old houses.

John C. Ellickson
Bureau of Agricultural Economics

More Fertilizer Used On Corn-Belt Corn

MOST FARMERS in the major cash grain area of the Corn Belt now use commercial fertilizer in the production of corn. This area comprises 25 counties in east central Illinois and 3 counties in west central Indiana. Of the acreage planted to corn in this area, 61 percent was fertilized in 1952 compared with only 24 percent in 1947.

The cost of all purchased fertilizer used directly on corn was about \$4.60 per planted-acre in 1952, compared with about \$1.40 in 1947.

Mixed fertilizers were used on 56 percent of the corn planted in 1952, and on 22 percent in 1947. The average quantity applied (where such fertilizers were used) was 198 pounds per acre in 1952, compared with 135 pounds in 1947. These fertilizers contained an average of about 32 pounds of plant food per 100 pound bag in 1952, compared with about 27 pounds in 1947. Collectively they analyzed about 4-14-14 in 1952, and about 3-12-12 in 1947. In 1952 they were usually applied as the corn was planted, or as a separate operation just before planting.

Additional nitrogen was frequently applied as a separate operation after planting or as the corn was cultivated. A number of farmers experimented with anhydrous ammonia and nitrogen solutions in 1952 and the use of such

fertilizers on corn in this area increased substantially in 1953.

About 3 percent of the acreage planted to corn in 1952 received about 1,100 pounds of rock phosphate per acre. Most of the rock phosphate, superphosphate and lime used on these farms is applied to land that is to be seeded to hay and pasture crops. Corn usually follows such crops in the rotation and receives considerable indirect benefit from the fertilizer and lime used on them. But only the commercial fertilizer applied directly ahead of the corn crop was taken into account in this analysis.

These findings are based on two sample surveys—one made in 1953; the other in 1948. They covered 120 and 67 farms respectively. In each case a sample of farms was selected to represent this important cash grain area. Most of the farm income in this area is from the sale of corn, soybeans, and small grains rather than from the sale of livestock and livestock products as is the case in most of the other type-of-farming areas in the Corn Belt.

Increases Yields

The more recent survey throws some light on the effect of fertilizer on the yield of corn in this area. Of the farmers interviewed, 37 used no commercial fertilizer on corn in 1952.

Fertilizer and Corn Yields, Cash Grain Area, 1952

State and county	Yield per acre		Fertilizer costs and returns		
	Without fertilizer	With fertilizer	Apparent increase in yield from fertilizer	Cost of fertilizer ¹	
				Per acre	Per bushel added
Illinois:	<i>Bushels</i>	<i>Bushels</i>	<i>Bushels</i>	<i>Dollars</i>	<i>Dollars</i>
Edgar-----	60.0	68.0	8.0	5.62	0.70
Livingston-----	55.6	66.6	11.0	11.96	1.09
Logan-----	68.8	77.2	8.4	7.65	.91
Piatt-----	63.1	73.8	10.7	8.92	.83
Average-----	61.9	71.4	9.5	8.54	.90

¹ Materials only.

A Letter to Crop and Livestock Reporters

DOWN back of the barn at home, there used to be a great big old poplar tree. It was the tallest thing anywhere around and we kids just loved to climb it. It used to bother mother some because she was afraid we'd trust too much weight on one of the dead limbs and get a nasty tumble. As it usually turns out, however, there seems to be a divine providence that looks after kids; and the most any of us ever got was a barked shin or a bad strawberry at some vulnerable spot.

How different things were when we got way up in that old tree—where it

These farmers were all located in 4 of the 6 counties from which the sample was drawn. Another group of 42 farmers who were interviewed in those same counties used commercial fertilizer on all of their corn. A third group used commercial fertilizer on only part of their corn acreage.

The average yield of corn was 9.5 bushels per acre higher in 1952 on 42 farms on which all of the corn was fertilized than on 37 farms on which none of the corn was fertilized. (*See table.*) The average cost of fertilizer where all of the corn was fertilized was \$8.54 per acre. Corn was worth about \$1.50 a bushel at local elevators in October 1952.

There is not much doubt that in 1952 it paid to use some fertilizer on corn in this area. But we do not know what the yield on the fertilized land would have been if no fertilizer had been used. It might have been less than the yield shown for the land that actually was not fertilized. Farmers who used fertilizer on only part of their corn acreage tended to use it only on land that was in corn the year before. Some farmers thought that nitrogen fertilizers were not very beneficial on corn that followed clover or alfalfa.

Herbert C. Fowler

Bureau of Agricultural Economics

seemed like you could almost touch the sky—and looked out over the surrounding country.

We could see the tops of the trees in Crossman's Woods, a favorite spot for picnicking and where they held camp meetings. Off in the distance, down in the meadow, we could see the baseball field. My, how little it looked from way up in the top of that tree. Why, it looked like anybody could knock a home run on a little "ole" diamond like that. Of course, we knew it was quite different when we were standing down there at homeplate. First base looked a mile away and the fence out in the outfield looked like an impossible distance.

Then we could look down on the roof of the barn and over to the corn that we had been hoeing, and perhaps should have been hoeing then except that it was so much fun to be up in the tree. That bad spot down in the lower corner where the grass was so thick, after all, was only a small place; and when we looked over all of it, the field as a whole looked quite good. When I was down there working on that grass though, it looked a lot different.

Shifting your perch a bit, you could turn and look at the garden plot. How nice and straight the rows of tomatoes, cabbage, and beans. Sure was pretty from way up the top of that tree. You could turn around and see the relationship between all the other places and the pretty patterns the roads and the paths made.

Of course, it's quite common now when we fly 20,000 feet to be able to look over nearly half of a State at one time. We see the little towns scattered here and there with the beautifully laid out farms in between; and then the hills, and the rivers, and the forests, making breaks in the pattern. You get a different perspective when you can see the relation of one town to

(Continued on page 16)

Shifting from "Dry" Farming to Partial Irrigation

. . . Seen As Income Stabilizer In North Dakota

WHAT are the effects of irrigating part of a ranch, on the ranch as a whole? How does it affect the organization, the investment, the costs and returns, and the stability of income from year to year? What are the problems that farmers must face in shifting from dryland to partial irrigation? These are the questions that are certain to arise when irrigation projects are developed in areas formerly devoted exclusively to dryland farming.

In an attempt to answer some of these questions and to present information that will help ranchers judge for themselves how well irrigation will pay, a study was made by the *North Dakota Agricultural Experiment Station* and the *Bureau of Agricultural Economics* in an area typical of many others in North Dakota. The resulting report, "Irrigation and Dryland Farming Can Work Together in the Cannonball River Area," has been published as Bulletin 385 of the experiment station.

To take the first question, the authors found that the organization of the ranch is likely to be changed very little if at all. If used to best advantage, the irrigated part of the ranch would provide a more dependable supply of feed in winter and would supplement the summer range. Some additional investment would be needed to develop the irrigable land and to buy additional livestock and machinery, if any. But the net returns to the rancher would be greater and the farm income would be more stable from year to year.

In the Cannonball area only a small part of the land—some of the river valley, the adjacent benches, and the high terraces—is irrigable. Here the problem is to fit irrigation into the present dryland organization. The basic farm organization—feed crops and cattle or sheep—would be changed very little. This might not be true in areas where conditions are different.

To furnish examples of the most likely changes in livestock numbers and crop production and in requirements for labor, machinery, and investments, the authors analyzed two typical cattle ranches, first on a dryland, then on a partly irrigated basis. One of these ranches contained 1,120 acres, with 45 acres irrigated; the other contained 3,200 acres, with 156 acres irrigated. The analysis was intended to show the comparative returns from dryland and from partly irrigated operation. Dryland crop yields were based on the 20-year average for Grant County, in which most of the area lies. Estimates of irrigated crop yields were based on the experience of similar areas already under irrigation.

Net Family Earnings Increased by Irrigation

Results of the study indicate that net family earnings on the partly irrigated 1,120-acre ranch would be about 30 percent larger than on a dryland ranch of the same size. On a partly irrigated 3,200-acre ranch, net family earnings would be 65 percent larger than on a dryland ranch of the same size. In these cases, the total investment would be 20 to 30 percent higher on the partly irrigated than on the dryland ranches.

Comparing a partly irrigated ranch of 1,019 acres and a dryland ranch of 1,120 acres, with equal investments in land, showed that net family earnings on the partly irrigated ranch were only 8 percent higher. A similar comparison of a 2,564-acre partly irrigated ranch and a 3,200-acre dryland ranch with equal investments in land gave net family earnings 45 percent higher for the partly irrigated ranch.

A comparison of a 1,120-acre partly irrigated ranch and a 1,345-acre dryland ranch having equal total investments gave 24 percent higher net family earnings for the partly irrigated ranch. A similar comparison of a 3,200-acre partly irrigated ranch and

a 4,220-acre dryland ranch having equal total investments gave 47 percent more net family earnings for the partly irrigated ranch. In all these cases, the annual charges for construction costs of the project must be paid out of returns on the partly irrigated ranch. However, these charges would be exceeded several times by the additional earnings from the irrigated part of the ranch.

Greater stability in farm income from year to year is seen as an important benefit of irrigation in an area of this kind. To test this effect, annual ranch budgets, with and without partial irrigation, were prepared for 1930-49. In this analysis, 1949 prices were used. Family earnings would have varied less during the 20 years on the 1,120-acre ranch with 45 acres irrigated. In fact, the variation would have been reduced by a fourth. Family earnings would have averaged 15 percent higher than those for the 1,345-acre dryland ranch with an equal investment.

Credit and Other Problems

Credit is often a problem in shifting from dryland to irrigation farming. Ranchers need intermediate—perhaps 10-year term—credit to develop irrigable land and to buy machinery and livestock without having to repay the money until they have accumulated enough of the increased net returns. Such credit is not now available. Some ranchers in the area could perhaps sell off part of their dry land and use the proceeds to develop irrigation on their ranches. But a ranch must be large enough to permit doing this.

Other problems may arise in shifting to partial irrigation. The ranch operator must select the type of irrigation needed and he must learn when and how to irrigate. He will have to meet additional costs—costs of leveling land; costs of laterals, drains, and irrigation structures; and costs of fertilizing the newly irrigated land. He will need additional labor and equipment. He will be obliged to learn new tasks, and in some cases he may need to reorganize his crop and livestock systems to make irrigation fit in most profitably.

Rex D. Helfinstine

Esther M. Colvin

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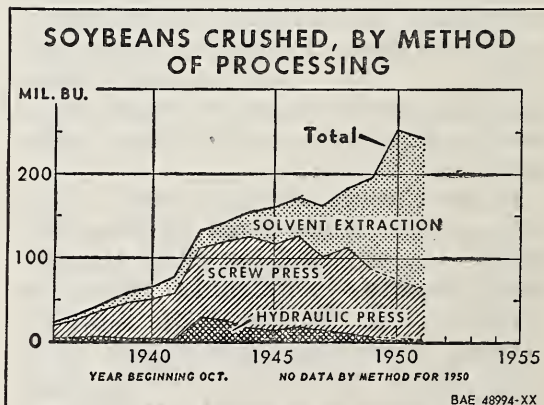
New Methods Get More Oil From Oilseeds

MOST FARMERS know that cash returns may be increased by the use of labor-saving machines and other improved practices in producing a crop. But farmers also may gain from technological improvements in the processing and marketing of their crops.

The use of *solvents* for extracting oil from oilseeds is one such improvement. It is fast replacing the hydraulic and screw press and is found to recover considerably more oil than any other method in use. It is now the most important method used to process soybeans and a similar shift, apparently, is taking place in the processing of cottonseed. The farmer ultimately gains because the oil is worth more per pound than any of the other products obtained in processing.

During recent years solvent extraction has yielded about 20 percent more oil per bushel of soybeans than screw presses and 26 percent more than hydraulic presses.

For details see pages 10 to 19 of the August-September issue of "The Fats and Oils Situation," Bureau of Agricultural Economics, U. S. Dept. of Agriculture.



Rented Land Plays Big Part in the North Central States

ONLY about a fourth of all farmers in the North Central States are tenants; but over two-fifths (42.4 percent) of all the land in farms in that area is rented . . . so we are told by the 1950 Census of Agriculture.

Since estimates for this region have just been completed it may be of interest to look at some of the figures.

Farm operators in the North Central States paid out about 1.7 billion dollars in gross rent in 1949. This was nearly one-eighth as much as the value of all the crops and livestock produced in those States, including what was consumed at home as well as that produced for sale.

As crop-share rents, farmers in the area paid 17 percent of the corn, 16 percent of the wheat, and 13 percent of the oats. And in the 5 States of Ohio, Indiana, Illinois, Iowa and Missouri, nearly 25 percent of the soybean production went for rent.

You must remember, of course, that gross rents paid by renters do not mean net income to the landlord. From gross rents, the landlord must pay such expenses as taxes, insurance, and repairs to buildings. These are costs that the renter would have had to include as part of his expense to make a crop if he had decided to buy land to farm instead of renting it. Most share leases also provide for a division of production expenses, such as feed, seed, fertilizer, and lime, between the landlord and the tenant. For example, the common "one-half" livestock lease may provide for the landlord to share half the cost of productive livestock.

In addition to how much rent is paid, the Census of Agriculture also answers such questions as *who pays the rent?* (types of renters) and *how is the rent paid?* (in cash, or as a share of the crop, or a combination of the two) *see table.*

Gross Rents by Type of Renter, North Central States,¹ 1949

(Thousands of dollars)

TYPE OF RENTER	AMOUNT OF RENT PAID		PERCENT DISTRIBUTION	PERCENT PAID AS—	
	CASH	SHARE		CASH	SHARE
Part owners	44,507	390,514	25.5	10.2	89.8
Cash tenants	50,575	3.0	100.0
Share cash plus crop share tenants	30,504	601,784	37.1	4.8	95.2
Livestock share tenants	500,477	29.3	100.0
Other, unspecified tenants and managers	6,453	80,728	5.1	7.4	92.6
Total	132,039	1,573,503	100.0	7.7	92.3

¹ The North Central States include Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas.

Of the gross rents paid in 1949, part owners paid 25.5 percent of the total; cash tenants, 3.0 percent; share cash plus crop-share tenants, 37.1 percent; livestock share tenants 29.3 percent and other unspecified tenants and managers, 5.1 percent.

Share Rents Predominate

Ninety-two percent of the gross rents paid in the North Central States in 1949 were in the form of share rents . . . a share of the crop or a share of the livestock. Only 8 percent of the gross rents were paid in cash.

Share renting arrangements vary greatly between individual farms, areas, and States. Many factors, including the type of farm, the relative bargaining position of the tenant and the landlord, and the customary rental rates of the area, enter into the rental contract. The range in average rental shares is illustrated by the percentages of the various crops paid as rent. In the North Central States, the share of corn paid as rent ranged from about 31 percent to 48 percent, wheat 30 percent to about 50 percent, oats 31 percent to 48 percent and soybeans from 30 percent to about 50 percent.

Combinations of share and cash renting are common. The tenant often pays a share of the crops plus a cash payment for hay and pasture, and for buildings. Custom plays a major role in establishing current rental rates. As a rule, however, the more productive land demands a higher proportion of the crop as gross rent.

Of the share rents, in 1949, part owners paid 26.2 percent; share-cash plus crop-share tenants, 40.3 percent; and livestock-share tenants, 33.5 percent.

Of the cash rents payable in the North Central States in 1949, part owners accounted for 35.5 percent, cash tenants 40.1 percent, and share cash tenants 24.2 percent. The rental acreage in manager farms was estimated for four of the States and accounted for approximately 0.4 percent of the cash rents. Although a cash lease allows the tenant the greatest freedom in the operation of a farm it also places the greatest risk upon him. In recent years, the landlord has been more willing to accept the added risk of share

CHANGES STUDIED IN MOVING FRESH CITRUS TO MARKET

THE MARKET destinations of shipments of Florida fresh citrus fruits, and the volumes transported by truck, rail, and water have changed considerably in recent years. Specific factors that influence the method by which individual shipments are hauled include quality of service, type of container used, area of origin of the shipment, size of the city of destination, method of sale, seasonality of movement, type of purchaser, and cost of transportation.

These things are brought out in the report of a study made by the *Florida Agricultural Experiment Station* under contract with the *United States Department of Agriculture*. This report, "Factors Influencing Methods of Transportation Used in Marketing Florida Fresh Citrus," by Marvin A. Brooker and Kenneth M. Gilbraith, is to be published by the station. The *Bureau of Agricultural Economics* took a leading part in planning the study and reviewing the report.

renting to partake of the greater possible returns.

Comparative data for 1944 and 1949 indicate that cash and crop-share tenants have declined as a proportion of all tenants in the area; on the other hand, livestock share renting has increased.

With a relatively small proportion of the farmers in the area now listed as tenants and a much larger proportion of the land farmed as rented land, it is apparent that a great many of the large-sized (or above average-sized) farms in the area are being operated as rented farms. Such conclusion ties in with recommendations often made to beginning farmers that they use their available resources for needed machinery, and rent an economic-sized farm (one that is big enough) rather than use their limited funds to buy a small, uneconomic farm, and then not have enough cash left to provide needed operating equipment. See "Capital Needed to Farm In the Midwest" Bulletin 389, Agricultural Experiment Station, University of Minnesota (North Central Regional Publication No. 5).

Joseph Lit
Bureau of Agricultural Economics

Opportunities With Flowers and Ornamentals

FARMERS may find attractive income possibilities in growing flowers and ornamental plants. Sometimes this will fit in with crops already grown, such as fruits, potatoes, or vegetables. Sometimes land that is ordinarily idle can be used to grow these plants and flowers. But this is an industry in which new ideas, new methods, and new crops are needed.

You may have decided that growing flowers and ornamental plants would be a paying sideline. Especially if their production would fit in with your other operations.

There are opportunities for a beginner in this industry, yes. But there are also drawbacks. Low costs in areas far removed from proper transportation or major markets cannot be a deciding factor except in regard to production for local trade. Limitations due to climate can be severe. For success many of the crops require definite conditions for temperature, light and water. Plant quarantines may restrict movement of the crops to certain areas.

Suppose you're thinking of starting *greenhouse* production of flowers and plants. You've had no experience but you think it would pay in your area. Here are some of the drawbacks.

First, you're going to need a lot of capital to get started. Building a greenhouse runs into money. Then you will find that the costs of the equipment, fuel, and services you must have to operate it will be high. And you will be competing with operators who have had plenty of experience. Unless you can fit in such production with the crops you already grow, it will be well to have a dependable source of income from some other business while you're getting started.

Prices You Have To Pay, More Than You Will Get

You may have been attracted to the industry because of the fancy prices

you've had to pay for the goods and services of florists and nurserymen. But it may not have occurred to you that a major part of these prices is due to costs not connected with the actual growing—costs that are added to the crops after they are ready to be marketed. These added costs include costs of professional labor, refrigeration and other specialized storage, transportation, delivery, and the other services usually provided. It is only in recent years that a few florists and nurserymen have set out to meet the mass demand for flowers and ornamental plants with a reasonable markup from farm prices but without many of the costs and services of the past.

Trade in flowers and ornamental plants developed from the highly serviced, results-at-any-cost gardening activities of private estates, parks, and institutions, which were carried on mainly by hand labor. For most farm products, the addition of services such as processing, packaging, refrigeration, delivery, and others for the convenience of consumers has come gradually. In this industry, its origin, tradition, and established practices brought about the prices with which you are familiar.

Since 1945, more persons have wanted to become florists or nurserymen. New and better insecticides, fungicides, and cultural practices; better preparation, packaging, and preservation for marketing; and developments in the methods, speed, and cost of transportation have increased this desire. Most of the progress mentioned has resulted from research in the physical and biological sciences. Only recently have some of the State colleges, the Federal Government, and the industry begun the orderly development of *statistical, economic, and marketing research* for this kind of farming.

"Census of Horticultural Specialties," U. S. Bureau of the Census, *Census of Agriculture: 1950. Vol V. Special Reports, Part I, Horticultural Specialties*. 761 pages. 1952; and "Trade in Horticultural Specialties" U. S. Bureau of Agricultural Economics. *Marketing Research Report 33*. 116 pages. U. S. Government Printing Office, Washington, D. C., 1953. 50c.

These studies have now reached a point at which some facts concerning production and distribution of ornamental plants and flowers can be provided.

It is well to think of the production of flowers and ornamental crops as two industries—*floriculture* and *ornamental horticulture*. If you enter floriculture, you will grow products used mainly for indoor decoration and personal adornment. If you enter ornamental horticulture, you will grow crops used mainly for replanting out of doors.

What About Opportunities in Floriculture?

Until recently crops grown in greenhouses have represented practically all of the floricultural crops produced. But with fast transportation, many kinds of cut flowers can now be grown in the open in mild climates and shipped long distances to cities or towns. Today, a sound greenhouse business can hardly be built up from the growing of flowerbed, window box, and vegetable plants in a few hotbeds or frames by a novice, although in the past, this was often done. For greenhouse crops you must count on a big investment. In addition to the land and the specialized equipment necessary, a new greenhouse will cost at least \$100,000 per acre of land covered. Operating expenses will be high too. The cost of fuel alone will amount to 5 to 15 cents per square foot each year. With few exceptions, this kind of farming can no longer be recommended as a profitable part-time or sideline venture.

This leaves, then, outdoor production of cut flowers, cut foliage, and foliage plants as the best opportunity for a beginner. California, Florida, and other Southern States are especially adapted to the growing of these crops. It is not advisable to plan to grow them in the North unless you are reasonably certain that you will have a market for them at a fair price.

In growing ordinary types of flowerbed, window box, and vegetable plants, a beginner must face competition from highly specialized, streamlined operators. Still in this group of crops there is some opportunity for unusual items and for imaginative operators. But hybridization, selection, and other plant improvements, although fascinating, are indefinite, risky, and long-term ventures. Such interests are

usually *not adapted to new business activities*. Rather, they are restricted to hobby or amateur interests. Some other way of making a living is advisable if you want to try out these indefinite, though interesting ventures.

And What About Ornamentals?

Production of perennial herbaceous plants has often proved to be a good sideline for farmers and others. Just as production of flowerbed, window box, and vegetable plants has often led to becoming established in floriculture so have perennial herbaceous plants been the beginnings of a nursery business.

You may find opportunity in nursery production of woody plants. The easily propagated plants usually grown, particularly the deciduous plants, may be the least advisable, for among these you will have to compete with large mechanized operations. *Growing choice and more unusual or difficult species and varieties can lead to the development of a good business*, assuming that your talents and skills lie in this direction.

Many kinds of evergreens can be a good choice, although they often need patience and individual attention.

You cannot expect to receive income from evergreens as soon as you would from flowers. But they are adapted to more irregular care and you can market them over extended periods of time. Many of them automatically increase in value if you hold them for several years before marketing.

Bulb crops have been a successful sideline for farmers in such States as Illinois, Michigan, Washington, and Oregon. But, except for unusual items, it is inadvisable at present for a beginner to grow bulb or flower seed crops.

Trends in the floriculture and ornamental horticulture industries indicate that in the foreseeable future, opportunities in the growing of flowers and ornamental plants will be equaled, proportionately, by those in only a few other industries. This assumes, of course, that improvements in marketing keep pace with the increased quantities and variety grown.

M. Truman Fossum
Bureau of Agricultural Economics

More Telephones

On Farms

ABOUT 42½ percent of the farms in the United States now have telephones, preliminary returns from an annual BAE survey show. This is an increase of 2.2 percent over a year earlier and 4.3 percent above the 1950 Census figure. The 2.2 percentage increase was the largest for any one year since the close of World War II.

Steady Increase Since 1940—Pacific and Mid-Atlantic States Lead

The percentage of American farms with telephones has increased steadily since 1940 when only 25 percent of the farms had telephone service. However, in the 20 years prior to 1940 the percentage of all farms with telephones had declined rather sharply. About 34 percent of farms had telephones in 1930, as compared with 38.7 percent in 1920.

Practically all States participated in the increase in proportion of farms with telephones during the past year with the Middle Atlantic and Pacific States showing the greatest increases. During the past few years the increase has been fairly consistent—percentage-wise—throughout the United States. On July 1 over three-fourths of the farms in New England had telephones, which was the largest percentage recorded for any geographic region. Most States in the Middle Atlantic regions as well as Iowa also had nearly or more than three-fourths of the farms with telephones.

The estimates on the percentage of farms with telephones in 1953, as well as in most recent years, were based on reports received each year from over 20,000 farmers throughout the United States. The list of farmers to whom the questionnaire was sent was a cross section, unbiased sample of all farms in the United States.

**Percent of farms with telephones,
United States, selected years
1920-53**

Year	Percent	Year	Percent
1920 ¹ -----	38.7	1949	36.4
1930 ¹ -----	34.0	¹ 1950	38.2
1940 ¹ -----	25.0	1951	38.8
1945 ¹ -----	31.8	1952	40.3
1947-----	33.7	1953	42.5
1948-----	34.6	-----	-----

¹ Bureau of the Census, Department of Commerce.

Outlook Highlights

(Continued from page 2)

Vegetables

Larger crops of cabbage, cauliflower and green peas are expected this fall than a year ago, but fall carrots, cucumbers, lettuce, and tomatoes are likely to be down. Total supplies in prospect are slightly smaller than last year and prices are expected to average about the same.

With the crop a tenth larger than last year, potato prices will stay well below a year ago. Sweetpotato prices have been declining as the new crop—a fifth above 1952—has moved to market.

Cotton

The 1953-54 supply of cotton is estimated to be 13 percent larger than last year. Stocks about doubled from August 1, 1952, to August 1, 1953, accounting for nearly all of the increase. The crop, forecast on September 1 at 15.2 million bales, is about the same as 1952 production.

Tobacco

Farmers' prices for flue-cured tobacco have been running moderately above a year ago. Demand is expected to continue strong and the supply is slightly lower than in 1952-53.

Cuts and Bruises Worse Potato Defects

TO LEARN MORE about the different external defects found on potatoes offered for sale in retail stores in New York City, Philadelphia, and Boston, surveys have been made in these three cities. The study was made in 1948 under authority of the Agricultural Marketing Act of 1946 (RMA, Title II) by several agencies of the U. S. Department of Agriculture in cooperation with experiment stations and agencies in Maine, Pennsylvania, New York, and Massachusetts. Conclusions: If growers, shippers, packers, and others interested in the industry are to offer the smooth, high-quality potatoes consumers want, and to reduce losses from spoilage, they must first reduce the number of cuts and bruises. Second, the incidence of sunburn, scab, dry rot, and insect injury must be reduced.

For the detailed findings see A. E. 837, issued by the Department of Agricultural Economics of the Cornell Agricultural Experiment Station.

DEFICIT MILK AREAS

PROBLEMS of economic adjustments in the dairy industry to serve areas of sparse production is a line project in marketing and transportation research now underway. *Bureau of Agricultural Economics* staff members will tackle a series of studies to determine the extent, conditions, and methods by which distribution areas are being expanded in the West. The Western Regional Technical Committee for Dairy Marketing Research will cooperate. It is a field in which too little is known, although the Utah and Montana Experiment Stations have gathered some data on the subject.

Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State]

Commodity	Average		Sept. 15, 1952	August 15, 1953	Sept. 15, 1953	Effective parity price Sept. 15, 1953 ²
	Base period price ¹	January 1947- Decem- ber 1949				
Basic commodities:						
Cotton American upland (pound).....cents	\$ 12.4	31.21	39.11	32.77	33.09	34.35
Wheat (bushel).....dollars	4.884	2.14	2.09	1.86	1.92	2.45
Rice (cwt.).....do	1.92	5.38	5.30	5.32	4.87	5.32
Corn (bushel).....do	4.642	1.64	1.71	1.48	1.50	1.78
Peanuts (pound).....cents	4 4.8	10.2	11.1	11.1	11.0	13.3
Designated nonbasic commodities:						
Potatoes (bushel).....dollars	\$.573	1.60	2.22	.914	.989	1.59
Butterfat in cream (pound).....cents	26.7	71.2	74.3	64.7	64.8	74.0
All milk, wholesale (100 lb.) ³dollars	1.68	4.42	5.07	4.18	4.41	4.65
Wool (pound).....cents	\$ 21.0	46.0	52.2	53.0	52.9	58.2
Other nonbasic commodities:						
Barley (bushel).....dollars	.488	1.37	1.43	1.10	1.12	1.35
Cottonseed (ton).....do	25.90	71.60	69.60	56.70	51.50	21.70
Flaxseed (bushel).....do	1.62	5.54	3.80	3.21	3.48	4.49
Oats (bushel).....do	.317	.852	.835	.717	.714	.878
Rye (bushel).....do	.605	1.82	1.73	1.15	1.12	1.68
Sorghum, grain (100 lb.).....do	1 1.21	2.53	3.02	2.42	2.26	² 2.68
Soybeans (bushel).....do	.996	2.84	2.83	2.40	2.33	2.76
Sweetpotatoes (bushel).....do	.964	2.36	3.35	3.50	2.64	2.67
Beef cattle (100 lb.).....do	7.54	20.20	23.20	16.30	15.80	20.90
All chickens (pound).....cents	11.0	29.3	26.3	25.5	24.3	30.5
Eggs (dozen).....do	⁴ 21.5	46.6	48.7	50.2	51.4	² 47.7
Hogs (100 lb.).....dollars	7.26	21.90	19.00	23.60	23.80	20.10
Lambs (100 lb.).....do	8.19	21.90	24.00	20.10	17.70	22.70
Calves (100 lb.).....do	8.39	22.60	24.30	16.70	15.50	23.20
Oranges, on tree (box).....do	² 2.29	1.23	1.67	.66	.95	² 3.26
Apples (bushel).....do	.996	2.39	2.56	3.03	3.03	2.76
Hay, baled (ton).....do	⁴ 11.87	22.40	25.00	20.60	20.90	² 26.30

¹ Adjusted base period prices 1910-14, based on 120-month average January 1943-December 1952 unless otherwise noted.

² Parity prices are computed under the provisions of title III, subtitle A, section 301 (a) of the Agricultural Adjustment Act of 1938 as amended by the Agricultural Acts of 1948 and 1949.

³ 60-month average, August 1909-July 1914 for all cotton.

⁴ 60-month average, August 1909-July 1914.

⁵ Adjust base period price 1910-14 derived from 10-season average prices 1943-52.

⁶ Prices received by farmers are estimates for the month.

⁷ Preliminary.

⁸ 10-season average 1919-28.

⁹ Transitional parity, 80 percent of parity price computed under formula in use prior to Jan. 1, 1950.

Economic Trends Affecting Agriculture

Year and month	Industrial production (1935-39=100) ¹	Total personal income payments (1935-39=100) ²	Average earnings of factory workers per worker (1910-14=100)	Wholesale prices of all commodities (1910-14=100) ³	Index numbers of prices paid by farmers (1910-14=100)			Index numbers of prices received by farmers (1910-14=100)			
					Commodities	Wage rates for hired farm labor ⁴	Commodities, interest, taxes and wage rates ⁵	Livestock and products			
								Dairy products	Poultry and eggs	Meat animals	All livestock
1910-14 average.....	58	-----	100	100	100	100	100	100	100	100	100
1925-29 average.....	98	-----	232	143	151	184	161	161	155	145	152
1935-39 average.....	100	100	199	118	124	121	125	119	108	117	115
1947-49 average.....	185	294	462	225	240	430	250	275	224	334	291
1950 average.....	200	330	518	232	246	425	256	247	181	340	278
1951 average.....	220	370	563	258	271	470	282	284	226	411	335
1952 average.....	219	393	592	251	273	503	287	302	203	358	307
<i>1952</i>											
September.....	228	4.03	607	251	271	-----	286	307	227	349	309
October.....	230	4.04	613	250	269	499	284	316	228	328	301
November.....	234	4.04	613	249	268	-----	282	318	238	310	295
December.....	235	4.09	628	246	267	-----	281	309	221	291	280
<i>1953</i>											
January.....	236	409	622	247	267	514	284	296	218	303	281
February.....	240	409	620	246	264	-----	281	286	206	305	277
March.....	243	413	627	247	265	-----	282	277	216	301	274
April.....	241	412	622	246	264	508	280	264	218	299	270
May.....	⁶ 240	415	624	247	264	-----	280	257	218	317	277
June.....	⁶ 240	⁶ 417	⁶ 624	246	260	-----	277	254	213	299	267
July.....	⁶ 233	420	617	249	261	514	279	261	223	318	280
August.....	238	-----	625	248	262	-----	279	267	230	305	276
September.....	-----	-----	-----	-----	259	-----	277	274	231	299	276

Year and month	Index numbers of prices received by farmers (1910-14=100)								Parity ratio ⁷	
	Crops							All crops and live-stock		
	Food grains	Feed grains and hay	To-bacco	Cotton	Oil-bearing crops	Fruit	Truck crops			All crops
1910-14 average.....	100	100	100	100	100	100	-----	100	100	100
1925-29 average.....	141	118	169	150	135	146	145	143	148	92
1935-39 average.....	94	95	172	87	113	95	95	99	107	86
1947-49 average.....	246	223	384	262	319	195	214	246	270	108
1950 average.....	224	187	402	280	276	200	185	232	256	100
1951 average.....	243	220	436	335	339	193	239	264	302	107
1952 average.....	244	227	432	309	296	195	254	267	288	100
1952										
September.....	240	234	428	329	305	200	182	264	288	101
October.....	240	219	429	311	304	215	189	260	282	99
November.....	248	213	412	288	300	195	238	257	277	98
December.....	247	218	428	268	300	206	256	257	269	96
1953										
January.....	245	214	419	252	291	208	237	251	267	94
February.....	240	206	424	255	287	209	237	247	263	94
March.....	246	208	424	266	291	215	248	253	264	94
April.....	244	206	424	266	289	226	204	247	259	92
May.....	242	205	426	268	285	224	182	243	261	93
June.....	222	198	425	266	280	253	270	251	259	94
July.....	218	197	426	269	268	207	216	237	259	93
August.....	215	198	430	277	262	205	221	237	258	92
September.....	219	200	452	279	251	221	159	234	256	92

¹ Federal Reserve Board; represents output of mining and manufacturing; monthly data adjusted for seasonal variation.

² Computed from reports of the Department of Commerce; monthly data adjusted for seasonal variation.

³ Bureau of Labor Statistics.

⁴ Farm wage rates simple averages of quarterly data, seasonally adjusted. ⁶ Revised.

⁵ Revised to reflect revisions in the interest and tax indexes.

⁷ Ratio of index of prices received to index of prices paid, interest, taxes, and wage rates. This parity ratio will not necessarily be identical to a weighted average percent of parity for all farm products, largely because parity prices for some products are on a transitional basis. Revised to reflect revisions in the interest and tax indexes.

Letter to Crop and Livestock Reporters

(Continued from page 6)

another. Sometimes you can guess why a town happened to be located where it is. And I know that down there, in those little specks of towns and on those farms, there are a lot of happy folks . . . some with heart-aches too. And I know if I were down there I would probably be griping at the traffic and figuring the slow truck in front of me was the greatest problem in the world. It's just like that grass spot at the end of the corn rows, it looked so big when I was down there "sweatin" to get it cleaned up, but from the top of the tree it wasn't really as big as it seemed.

Now, you know, this crop-reporting business gives a fellow a chance to size things up and get a clear perspective on the whole situation. Your reports let us climb up in the top of the tree, or go up in the airplane, and look down and see the whole thing . . . see the good with the bad, and size up the weedy end of the field with the good end.

So many times it's the bad situation that gets all the publicity, and it's pretty easy to get the wrong impression, if you just listen to the rumors that float around when there is a flood or a drought or a hailstorm or something else that affects one area pretty drastically. I had one man, who had been over one part of a State, come in and tell me in all sincerity that the corn crop in that State was shot, it was gone; while I had on my desk a letter from another observer who had been through the State in another section, and who was just as convinced it was a good crop. I like to get all these reports. But in the final analysis, it was the opinion of some 2,000 farmers in that State, reporting on their individual farms that let me climb high up in that old tree and look down and get the bird's-eye view of the whole situation. It was a pretty good crop after all.

It seems to me that this idea of getting things in their proper perspective applies to a lot of things. Every now and then I get tied up with a problem that seems awfully big, and the more I mess around with it the bigger it seems to get, 'til finally I come to my senses and back off to see what kind of bear I've got by the tail anyhow. Most of the time it isn't as big a problem as I thought it was. Mostly I had just lost perspective and was taking myself too seriously.

It's almost Thanksgiving time. Let us all, figuratively, climb my old poplar tree . . . climb up high and look around. The air is fresh and quiet. The sky is blue. Don't we all have a lot to be thankful for?

S. R. Newell, *Chairman*
Crop Reporting Board, BAE

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